

28 GUIDE TO INVESTMENT AND FINANCE

would not occur prior to April, 1912, and that, on and after that date, repayment might be effected at not less than one month's notice, in certain amounts at any one time. Hence, if the investor's portion of stock were not redeemed until, say, 1920, his return (including the annual equivalent of the excess of £4) would prove to be about £3 8s. 4d. per cent, instead of £4 2s. 4d. Inquiry, accordingly, should always be made in connection with every redeemable security, whether it is absolutely repayable on a specified date, or whether that date is simply the point of origin of the subsequent notice of redemption.

This remark suggests another rule. Do not invest in securities which possess a currency prior to redemption of, say, less than five or ten years, according to your preference. An early repayment means the trouble, time and expense of securing a substituted investment. It is most desirable also to make a practice, as far as possible, of purchasing when a security is at a discount; this happens when the price is *less* than the sum at which the bond will be redeemed, or *less* (in the case of shares) than the amount paid up per share. The trouble of a sinking-fund is thus avoided, and a greater chance afforded of a resulting profit. As I am merely furnishing specimens of the *kind* of suitable securities I now proceed to other forms.

3. The Corporation Stocks of all established towns and districts in this kingdom deserve favourable notice. No doubt in some instances the existing loans of particular municipalities are somewhat excessive, and too heavily proportioned to the local resources which constitute their support, while, in other instances, injudicious expenditure and defective administration have not secured the complete beneficial results which the advances were granted and expected to ensure. While our municipal elections to the important position of administrators for the benefit of local districts result, as they so frequently and unfortunately do now, in the appointment of inferior men who, competent to engage in retail transactions involving shillings, are utterly incapable of dealing wisely and

knowingly with complicated and extensive financial expenditure which comprises thousands of pounds ; and while the spirit of political party so disastrously intrudes, so long will our municipal